

18 December 1984

>ENGINEER/>BROKAW: Good evening. I'm Tom Brokaw with NBC Nightly >ESPIONAGE>News. The FBI has a major American spy case tonight, a California man arrested on charges he tried to sell the Soviet Union the so-called stealth technology. Stealth keeps an American bomber from being detected by enemy radar. It costs billions of dollars, but its military value may very well be priceless. The suspected spy is 40-year-old Thomas Patrick *Cavanaugh of Downey, Calif., a suburb of Los Angeles, and Carl Stern reports tonight he worked at Northrup and he had access to stealth research.

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STERN: FBI agents searched Cavanaugh's home and car and took him into custody for allegedly removing documents from his employer, the Advanced Systems Division of Northrup Aviation. It all started with a telephone call that Cavanaugh allegedly made to the Soviet Embassy in Washington, asking to meet with Soviet officials. Instead, in Los Angeles, it was undercover FBI agents he met on Dec. 10 and 12. Cavanaugh had a midlevel engineering job at Northrop Aviation. He was divorced. Allegedly, he said he couldn't get creditors off his back, and 'should have big bucks' for getting manuals and blueprints of the Stealth bomber. In fact, he allegedly took only \$25,000 from the undercover agents today and was immediately arrested. He had secret clearance access to documents but was still awaiting top-secret clearance. Still, FBI official Richard *Gretsing said the loss of the information would have cost the U.S. billions of dollars in lost research secrets. Officials said no information reached the Soviets and that Cavanaugh acted alone. He could get up to life in prison. They didn't say how Cavanaugh's phone call to the Russians was overheard, but recent statistics show the Reagan administration has doubled the number of wiretaps on foreigners in the U.S. Carl Stern, NBC News, Washington.

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NP02>HIGH-TECH>BROKAW: Today's arrest comes as federal investigators are >SMUGGLERS>working on another major case involving American high technology and the Soviets. Tonight, NBC News investigative reporter Brian Ross has this exclusive report on the tangled tale of an American entrepreneur and his wife on the run in style from U.S. authorities.

ROSS: This snapshot was taken at a backyard picnic a short time before the man in this picture, Frank *Bozerei, the chairman of the board of the computer technology company, disappeared in August of 1983. Bozerei lived in this house in *Aguacate, Md. Neighbors say they don't know what happened to Bozerei or his wife, Carol.

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UNIDENTIFIED WOMAN: ...but now they have not been home in so long, I have been concerned.

ROSS: The company Bozerei headed, Technics, now located in California, produces highly specialized advanced computer equipment, some of it based on Bozerei's own inventions. Bozerei was last seen at a Technics board meeting in Washington, D.C. Company officials said Bozerei got a phone call, said he would be back in five minutes and left the room. Bozerei has not been seen since. It now turns out that the phone call was from Bozerei's secretary, who told Bozerei that federal investigators were over at his office with a search warrant, part of a federal grand jury investigation of Bozerei's alleged connection to the smuggling of America's high technology to the Soviet Union. Federal authorities say since that phone call, Bozerei and his wife have been on the run. Earlier this month, NBC News found Bozerei and his wife shortly after they checked out of a hotel in London. For the last 16 months, authorities say Bozerei and his wife have been living the lives of fugitives, traveling around Europe in style but fearing arrest in the United States for what they allegedly did for the Soviet Union. On this day, Bozerei and his wife were leaving London, heading for their new home and hiding place, Vienna. American authorities say that Vienna, long a center of international espionage and intrigue, is where the Soviet KGB has recruited American businessmen like Bozerei to do their bidding. This Austrian trading company, Xennon, located on the outskirts of Vienna, has been identified by American authorities as a conduit for the KGB. And authorities say the head of Xennon, this man, *Gert Walter, recruited Frank Bozerei at least four years ago to smuggle restricted American technology to Vienna, where Walter shipped it on to Soviet-bloc countries. American intelligence authorities say Walter is one of the Soviet's most reliable suppliers of smuggled American high technology, sending millions of dollars worth of equipment across the Austrian border into communist Czechoslovakia, as well as direct to Moscow by air. American authorities say, piece by piece, Walter has delivered to the Soviets everything necessary to set up, in effect, an advanced American computer chip manufacturing plant inside the Soviet Union, something the KGB and the Soviet military have wanted for a long time. American authorities say Walter was able to do this because his American connection, Bozerei, was the chairman of an American high-tech company, which could order such restricted equipment without raising suspicions. According to American military officials, the equipment Bozerei allegedly helped smuggle, some of which he designed himself, will enable the Soviets to make for themselves large numbers of the kind of computer chips essential for the most advanced guidance and control

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systems for missiles and aircraft. While Bozerei has been on the run in Europe, investigators from the Commerce Department and prosecutors have been presenting evidence to a federal grand jury in Virginia on Bozerei, his wife, his Viennese associate, Gert Walter, and others, involving violations of American export law. Last week in the Vienna airport, Bozerei would not talk with NBC News. (to Bozerei) ...NBC News. I wonder if I'll be able to talk to you about what's been going on... BOZEREI: No.

ROSS: Why not? (Bozerei walks away.) American authorities say Bozerei, once the chairman of an American high-technology company, must now decide, at the age of 44, whether to return home to face possible serious criminal charges or to instead take his chances with his new friends here and in Moscow. Brian Ross, NBC News, Vienna.